

106TH CONGRESS
2D SESSION

H. R. 4717

To amend the Internal Revenue Code of 1986 to require 527 organizations and certain other tax-exempt organizations to disclose their political activities.

IN THE HOUSE OF REPRESENTATIVES

JUNE 22, 2000

Mr. HOUGHTON (for himself, Mr. ENGLISH, Mrs. JOHNSON of Connecticut, Mr. CASTLE, Mr. MCINNIS, Mr. COX, Mr. RAMSTAD, Mr. SMITH of Michigan, Mr. SHAW, Mr. OSE, Mr. FRELINGHUYSEN, and Mr. WALDEN of Oregon) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to require 527 organizations and certain other tax-exempt organizations to disclose their political activities.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Full and Fair Political
5 Activity Disclosure Act of 2000”.

6 **SEC. 2. INCREASED REPORTING OF POLITICAL ACTIVITIES.**

7 (a) IN GENERAL.—Subpart A of part III of sub-
8 chapter A of chapter 61 of the Internal Revenue Code of

1 1986 (relating to information concerning persons subject
2 to special provisions) is amended by inserting after section
3 6033 the following new section:

4 **“SEC. 6033A. RETURNS RELATING TO POLITICAL ACTIVI-**
5 **TIES.**

6 “(a) GENERAL REPORTING REQUIREMENTS.—

7 “(1) IN GENERAL.—Every organization to
8 which this subsection applies for a reporting period
9 shall submit a return to the Secretary for such pe-
10 riod. Such return shall include—

11 “(A) a detailed description of such organi-
12 zation’s disclosable activities during the report-
13 ing period and the purpose and intended results
14 for the major categories of expenditures for
15 such activities, including the candidates in-
16 tended to be affected,

17 “(B) a list identifying—

18 “(i) each expenditure made for a
19 disclosable activity during the reporting pe-
20 riod in an amount in excess of the thresh-
21 old amount, and

22 “(ii) the name and address of each
23 person to whom the organization made any
24 expenditure required to be reported under
25 clause (i), and

1 “(C) in the case of a reportable
2 contributor—

3 “(i) the name and address of the con-
4 tributor (and, if the contributor is an indi-
5 vidual, the contributor’s occupation and
6 employer),

7 “(ii) the amount of each contribution
8 made by such contributor,

9 “(iii) the name and address of the
10 person (if any) on whose behalf the con-
11 tributor made any payment to such organi-
12 zation, and

13 “(iv) if any payment by the contrib-
14 utor was designated for a beneficiary other
15 than such organization (including amounts
16 which are in any way earmarked or other-
17 wise directed through an intermediary),
18 the name and address of the intended ben-
19 eficiary.

20 The information required under the preceding sen-
21 tence for any reporting period shall be set forth sep-
22 arately for such period and in the aggregate for such
23 period and preceding reporting periods during the
24 calendar year.

1 “(2) ORGANIZATIONS TO WHICH SUBSECTION
2 APPLIES.—This subsection shall apply to an organi-
3 zation if such organization—

4 “(A) is described in paragraph (4), (5), or
5 (6) of section 501(c), or

6 “(B) is a 527 organization.

7 “(3) EXCEPTION FOR NON-527 ORGANIZATIONS
8 HAVING AGGREGATE DISCLOSABLE EXPENDITURES
9 OF LESS THAN \$10,000.—This subsection shall not
10 apply to an organization described in paragraph
11 (2)(A) for any reporting period if the aggregate ex-
12 penditures of the organization for disclosable activi-
13 ties during the period beginning on January 1 of the
14 calendar year in which the reporting period begins
15 and ending on the last day of the reporting period
16 are less than \$10,000.

17 “(4) REPORTABLE CONTRIBUTOR.—

18 “(A) IN GENERAL.—For purposes of para-
19 graph (1), the term ‘reportable contributor’
20 means any person if the aggregate of the con-
21 tributions and membership dues, fees, and as-
22 sessments (within the meaning of section 527)
23 received by the organization from such person
24 during the testing period exceeds the threshold
25 amount.

1 “(B) EXCEPTION FOR DUES NOT ATTRIB-
2 UTABLE TO DISCLOSABLE ACTIVITIES.—

3 “(i) IN GENERAL.—At the election of
4 the organization, the only dues taken into
5 account under subparagraph (A) shall be
6 dues attributable to expenditures for
7 disclosable activities.

8 “(ii) PORTION OF DUES ATTRIB-
9 UTABLE TO DISCLOSABLE ACTIVITIES.—

10 For purposes of clause (i), the portion of
11 dues attributable to expenditures for
12 disclosable activities of an organization is
13 the amount which bears the same ratio to
14 the total amount of dues as the expendi-
15 tures of the organization which are
16 disclosable under paragraph (1) for the
17 testing period bears to the total expendi-
18 tures of the organization for such period.

19 “(C) TESTING PERIOD.—For purposes of
20 this paragraph, the term ‘testing period’ means,
21 with respect to any reporting period, the
22 period—

23 “(i) beginning on January 1 of the
24 calendar year in which the reporting period
25 begins, and

1 “(ii) ending on the last day of the re-
2 porting period.

3 “(5) SPECIAL RULE FOR EARMARKED CON-
4 TRIBUTIONS DEPOSITED INTO A SEPARATE, SEG-
5 REGATED FUND.—

6 “(A) IN GENERAL.—In the case of an or-
7 ganization described in paragraph (4), (5), or
8 (6) of section 501(c), paragraph (1)(C) shall
9 apply only with respect to amounts received
10 which are earmarked for a disclosable activity if
11 the organization elects—

12 “(i) to maintain a separate, seg-
13 regated fund,

14 “(ii) to deposit into such fund only
15 and all amounts received by such organiza-
16 tion which are earmarked by the contrib-
17 utor for a disclosable activity, and

18 “(iii) to make no expenditures for
19 disclosable activities other than from such
20 fund.

21 Such a fund shall not be treated as a 527 orga-
22 nization for purposes of this section.

23 “(B) NONCOMPLIANCE.—In the case of an
24 organization with respect to which an election is
25 in effect under subparagraph (A) and which

1 fails to comply with a requirement in subpara-
2 graph (A) during any reporting period, sub-
3 paragraph (A) shall not apply to such period or
4 any subsequent reporting period during the cal-
5 endar year in which such period begins.

6 “(C) DE MINIMIS EXPENDITURES.—Fail-
7 ures to meet the requirement of subparagraph
8 (A)(iii) with respect to de minimis amounts
9 shall not be treated as a failure to comply with
10 such requirement.

11 “(6) THRESHOLD AMOUNT.—For purposes of
12 this section, the term ‘threshold amount’ means—

13 “(A) \$200 in the case of a 527 organiza-
14 tion, and

15 “(B) \$1,000 in any other case.

16 “(b) DISCLOSABLE ACTIVITIES.—For purposes of
17 this section—

18 “(1) IN GENERAL.—For purposes of this sec-
19 tion, the term ‘disclosable activities’ means—

20 “(A) a 527-type activity,

21 “(B) establishing, administering, or solici-
22 ting contributions to a 527 organization,

23 “(C) contributing to an organization which
24 is described in paragraph (4), (5), or (6) of sec-
25 tion 501(c) or which is a 527 organization, and

“(D) any mass media communication (including any mass mailing) which is not a 527-type activity and which—

“(i) mentions an individual holding Federal office or a clearly identified candidate for election for Federal office (including any individual who has formed an exploratory committee for such election) or the political party of such an individual or candidate, or

“(ii) contains the likeness of such an individual or candidate.

“(2) EXCEPTION FOR COMMUNICATION WITH MEMBERS.—Subparagraph (D) of paragraph (1) shall not apply to communication with bona fide members of the organization.

“(c) ADDITIONAL INFORMATION FROM 527 ORGANIZATIONS.—

“(1) STATEMENT OF ORGANIZATION.—

“(A) IN GENERAL.—Every 527 organization shall file a statement of organization with the Secretary (in such form and manner as the Secretary shall prescribe) which contains the information described in subparagraph (B). Such statement shall be filed not later than 10 days

1 after the date that such organization is estab-
2 lished (or, in the case of an organization in ex-
3 istence on the date of the enactment of this sec-
4 tion, not later than 10 days after such date of
5 enactment).

6 “(B) STATEMENT OF ORGANIZATION.—

7 The information described in this subparagraph
8 is—

9 “(i) the name and address of the 527
10 organization,

11 “(ii) the name, address, relationship,
12 and type of any person which is directly or
13 indirectly related to or affiliated with such
14 527 organization,

15 “(iii) the name, address, and position
16 of the custodian of books and accounts of
17 the 527 organization,

18 “(iv) the name and address of the
19 treasurer of the 527 organization, and

20 “(v) a listing of all banks, safety de-
21 posit boxes, and other depositories used by
22 the 527 organization.

23 “(C) CHANGES IN INFORMATION.—If there
24 is a change in circumstances such that the most
25 recent statement filed under this paragraph is

1 no longer accurate, the 527 organization shall
2 file a corrected statement with the Secretary (in
3 such manner as the Secretary shall prescribe)
4 not later than 10 days after the date that the
5 statement first ceased to be accurate.

6 “(D) RELATED AND AFFILIATED PER-
7 SONS.—For purposes of subparagraph (B)(ii), a
8 person is directly or indirectly related to or af-
9 filiated with a 527 organization if such person,
10 at any time during the 3-year period ending on
11 the date such statement is submitted to the
12 Secretary—

13 “(i) was in a position to exercise sub-
14 stantial direct or indirect influence over
15 the process of collecting or disbursing the
16 exempt purpose funds of such organiza-
17 tion, or

18 “(ii) was in a position to exercise sub-
19 stantial, overall direct or indirect influence
20 over the activities of such organization.

21 “(2) OTHER INFORMATION.—

22 “(A) IN GENERAL.—In addition to the in-
23 formation required by subsection (a), every 527
24 organization shall include the information de-

1 scribed in subparagraph (B) on the return re-
2 quired under subsection (a).

3 “(B) INFORMATION DESCRIBED.—The in-
4 formation described in this subparagraph is—

5 “(i) a certification, under penalty of
6 perjury, whether such expenditure is made
7 in cooperation, consultation, or concert
8 with, or at the request or suggestion of,
9 any candidate for public office or any au-
10 thorized committee of such candidate or
11 agent of such committee or candidate,

12 “(ii) the name, address, and business
13 purpose of any entity, as well as whether
14 the entity purports to be exempt from tax
15 under this title and (if so) the provision
16 under which the entity purports to be so
17 exempt, which made (in the aggregate for
18 the reporting period) a contribution in ex-
19 cess of the threshold amount to the 527
20 organization, and

21 “(iii) the original source and the in-
22 tended ultimate recipient of all contribu-
23 tions made by a person, either directly or
24 indirectly, on behalf of any particular per-
25 son, including contributions which are in

1 any way earmarked or otherwise directed
2 through any intermediary.

3 “(d) REPORTING PERIODS AND DUE DATES FOR RE-
4 TURNS AND STATEMENTS.—For purposes of this
5 section—

6 “(1) ORGANIZATIONS OTHER THAN 527 ORGANI-
7 ZATIONS.—In the case of an organization described
8 in paragraph (4), (5), or (6) of section 501(c)—

9 “(A) IN GENERAL.—The term ‘reporting
10 period’ means—

11 “(i) a calendar quarter, and

12 “(ii) a calendar year.

13 “(B) DUE DATE.—

14 “(i) QUARTERLY RETURN.—The due
15 date for each return required by this sec-
16 tion for a calendar quarter shall be the
17 15th day after the end of the quarter.

18 “(ii) ANNUAL RETURN.—The due
19 date for the return required by this section
20 for a calendar year shall be the date pre-
21 scribed by the Secretary.

22 “(2) 527 ORGANIZATIONS.—In the case of a
23 527 organization—

24 “(A) IN GENERAL.—The reporting periods
25 and deadlines for filing returns and statements

1 required by this section shall be the same as the
2 periods and deadlines set forth for reports
3 under paragraph (4) of section 304(a) of Fed-
4 eral Election Campaign Act of 1971 (2 U.S.C.
5 434(a)). The Secretary shall issue such guid-
6 ance as may be necessary concerning the filing
7 deadlines for such returns and statements.

8 “(B) CERTAIN ORGANIZATIONS FILE AN-
9 NUALLY.—In the case of a 527 organization de-
10 scribed in subparagraph (C)—

11 “(i) subparagraph (A) shall not apply,

12 “(ii) the reporting period shall be
13 such organization’s taxable year, and

14 “(iii) the due date for the returns and
15 statements required by this section shall be
16 the due date (without regard to extensions)
17 for filing the return of tax for such year,
18 whether or not such organization is re-
19 quired to file a return for such taxable
20 year.

21 “(C) ORGANIZATION DESCRIBED.—An or-
22 ganization is described in this subparagraph if
23 such organization is a 527 organization which
24 is organized and operated exclusively for the
25 purpose of securing the nomination, election, or

1 appointment of a clearly identified candidate for
2 State, local, or judicial office.

3 “(e) DEFINITIONS.—For purposes of this section—

4 “(1) 527 ORGANIZATION.—The term ‘527 orga-
5 nization’ means any political organization (as de-
6 fined by section 527(e)(1)).

7 “(2) 527-TYPE ACTIVITY.—The term ‘527-type
8 activity’ means an exempt function (as defined in
9 section 527(e)(2)).

10 “(3) CONTRIBUTIONS.—The term ‘contribu-
11 tions’ has the meaning given to such term by section
12 271(b)(2).

13 “(4) EXPENDITURES.—The term ‘expenditures’
14 has the meaning given to such term by section
15 271(b)(3).

16 “(f) SPECIAL RULES.—

17 “(1) ELECTRONIC FILING.—The Secretary shall
18 develop procedures for submission in electronic form
19 of returns and statements required to be filed under
20 this section.

21 “(2) PAPERWORK AND BURDEN REDUCTION
22 FOR ORGANIZATIONS OTHERWISE DISCLOSING IN-
23 FORMATION.—An organization shall not be required
24 to file any return or statement under subsection (a)
25 or (c) for any period if, with respect to such period,

1 such organization submits to the Secretary, under
2 penalty of perjury, a certified statement that the or-
3 ganization has made a filing, which is publicly avail-
4 able, with another Federal agency which includes all
5 of the information required by subsection (a) or (c),
6 as the case may be, and which specifies the public
7 location where such information may be found.”.

8 (b) PUBLIC INSPECTION OF RETURNS AND STATE-
9 MENTS.—

10 (1) IN GENERAL.—Section 6104 of such Code
11 (relating to publicity of information required from
12 certain exempt organizations and certain trusts) is
13 amended by adding at the end the following new
14 subsection:

15 “(e) INSPECTION OF DOCUMENTS RELATING TO PO-
16 LITICAL ACTIVITIES OF CERTAIN 501(c) ORGANIZATIONS
17 AND 527 ORGANIZATIONS .—

18 “(1) IN GENERAL.—In the case of any organi-
19 zation required to submit a document under section
20 6033A—

21 “(A) a copy of such document shall be
22 made available by such organization for inspec-
23 tion during regular business hours by any indi-
24 vidual at the principal office of such organiza-
25 tion and, if such organization regularly main-

1 tains 1 or more regional or district offices hav-
2 ing 3 or more employees, at each such regional
3 or district office, and

4 “(B) upon request of an individual made
5 at such principal office or such a regional or
6 district office, a copy of such document shall be
7 provided to such individual without charge
8 other than a reasonable fee for any reproduc-
9 tion and mailing costs.

10 The request described in subparagraph (B) must be
11 made in person or in writing. If such request is
12 made in person, such copy shall be provided imme-
13 diately and, if made in writing, shall be provided
14 within 30 days.

15 “(2) ANNUAL INCOME TAX RETURNS OF 527 OR-
16 GANIZATIONS.—In the case of an organization re-
17 quired to file a return under section 6012(a)(6), the
18 requirements of paragraph (1) shall also apply to
19 such return.

20 “(3) TIMELY AVAILABILITY.—

21 “(A) IN GENERAL.—Except as provided in
22 subparagraph (B), documents required to be
23 available under this subsection shall be available
24 no later than 2 business days after being filed.

1 “(B) EXCEPTION.—Subparagraph (A)
2 shall not apply to—

3 “(i) any document filed under section
4 6033A with respect to an annual period,
5 and

6 “(ii) any return filed under section
7 6012(a)(6).

8 “(4) 3-YEAR LIMITATION ON INSPECTION DOCU-
9 MENTS.—Paragraphs (1) and (2) shall apply to any
10 document only during the 3-year period beginning
11 on the last day prescribed for its filing (determined
12 with regard to any extension of time for filing).

13 “(5) LIMITATION ON PROVIDING COPIES.—A
14 rule similar to the rule of subsection (d)(4) shall
15 apply for purposes of this subsection.”.

16 (2) INSPECTION OF INFORMATION RETURNS
17 AND INCOME TAX RETURNS OF POLITICAL ORGANI-
18 ZATIONS.—Subsection (b) of section 6104 of such
19 Code (relating to inspection of annual information
20 returns) is amended to read as follows:

21 “(b) INSPECTION OF INFORMATION RETURNS AND
22 INCOME TAX RETURNS OF POLITICAL ORGANIZATIONS.—

23 “(1) IN GENERAL.—The information required
24 to be furnished by sections 6033, 6033A, 6034, and
25 6058 (together with the names and addresses of

1 such organizations and trusts) and returns filed
 2 under section 6012(a)(6) shall be made available to
 3 the public at such times and in such places as the
 4 Secretary may prescribe.

5 “(2) EXCEPTIONS.—

6 “(A) NONDISCLOSURE OF NAMES AND AD-
 7 DRESSES OF CONTRIBUTORS.—

8 “(i) IN GENERAL.—Nothing in this
 9 subsection shall authorize the Secretary to
 10 disclose the name or address of any con-
 11 tributor to any organization or trust which
 12 is required to furnish such information.

13 “(ii) EXCEPTION.—Clause (i) shall
 14 not apply to a private foundation (as de-
 15 fined in section 509(a)), a 527 organiza-
 16 tion (as defined in section 6033A(d)), or
 17 information on a return under section
 18 6033A(a) of an organization described in
 19 paragraph (4), (5) or (6) of section 501(c).

20 “(B) RELIGIOUS AND APOSTOLIC ORGANI-
 21 ZATIONS.—In the case of an organization de-
 22 scribed in section 501(d), this subsection shall
 23 not apply to copies referred to in section
 24 6031(b) with respect to such organization.

1 “(3) SPECIAL RULES FOR INFORMATION UNDER
2 SECTION 6033A.—

3 “(A) TIMELY AVAILABILITY.—Documents
4 filed under section 6033A (other than with re-
5 spect to an annual period) shall be available
6 under paragraph (1) no later than 2 business
7 days after being filed.

8 “(B) AVAILABILITY ON WORLD WIDE
9 WEB.—To the extent practicable, documents
10 filed under section 6033A shall also be made
11 available to the public on the world wide web.

12 “(4) COOPERATION WITH OTHER FEDERAL
13 AGENCIES.—The Secretary may cooperate with an-
14 other Federal agency to carry out the requirements
15 of this subsection with respect to returns and state-
16 ments required to be filed under section 6033A.”.

17 (c) PENALTIES FOR FAILURE TO FILE DOCUMENTS
18 OR PROVIDE PUBLIC INSPECTION OF DOCUMENTS.—

19 (1) PENALTY FOR FAILURE TO REPORT
20 DISCLOSABLE ACTIVITIES.—Subsection (c) of section
21 6652 of such Code is amended by redesignating
22 paragraphs (2), (3), and (4) as paragraphs (3), (4),
23 and (5), respectively, and by inserting after para-
24 graph (1) the following new paragraph:

25 “(2) INFORMATION UNDER SECTION 6033A.—

1 “(A) IN GENERAL.—In the case of—

2 “(i) a failure to file a document re-
3 quired under section 6033A (relating to re-
4 turns relating to political activities) at the
5 time and in the manner prescribed therefor
6 (determined without regard to any exten-
7 sion of time for filing), or

8 “(ii) a failure to include any of the in-
9 formation required to be shown on such a
10 return or statement or to show the correct
11 information,

12 there shall be paid by the organization an
13 amount equal to the highest rate of tax speci-
14 fied in section 11(b) multiplied by the amount
15 to which the failure relates.

16 “(B) PUBLIC INSPECTION.—In the case of
17 a failure to comply with the requirements of
18 section 6104(e) at the time and in the manner
19 prescribed therefor (determined without regard
20 to any extension of time for filing), there shall
21 be paid by the person failing to meet such re-
22 quirements \$20 for each day during which such
23 failure continues. The maximum penalty im-
24 posed under this subparagraph on all persons

1 for failures with respect to any 1 statement
2 shall not exceed \$10,000.

3 “(C) ADDITIONAL PENALTY ON MANAGERS
4 OF 527 ORGANIZATIONS.—

5 “(i) IN GENERAL.—The Secretary
6 may make a written demand on any 527
7 organization subject to penalty under sub-
8 paragraph (A) specifying therein a reason-
9 able future date by which the return or
10 statement shall be filed (or the information
11 furnished) for purposes of this subpara-
12 graph.

13 “(ii) FAILURE TO COMPLY WITH DE-
14 MAND.—If any person fails to comply with
15 any demand under clause (i) on or before
16 the date specified in such demand, there
17 shall be paid by the person failing to so
18 comply \$10 for each day after the expira-
19 tion of the time specified in such demand
20 during which such failure continues. The
21 maximum penalty imposed under this sub-
22 paragraph on all persons for failures with
23 respect to any 1 statement shall not exceed
24 \$5,000.”.

25 (2) OTHER PENALTIES.—

1 (A) Section 6685 of such Code (relating to
 2 assessable penalty with respect to public inspec-
 3 tion requirements for certain tax-exempt orga-
 4 nizations) is amended—

5 (i) by striking “subsection (d)” and
 6 inserting “subsection (d) or (e)”, and

7 (ii) by striking “return or application”
 8 each place it appears and inserting “re-
 9 turn, application, or statement”.

10 (B) Section 7207 of such Code (relating to
 11 fraudulent returns, statements, and other docu-
 12 ments) is amended by striking “subsection (d)”
 13 and inserting “subsection (d) or (e)”.

14 (d) CONFORMING AMENDMENTS.—

15 (1) Section 527 of such Code is amended by
 16 adding at the end the following new subsection:

17 “(i) CROSS REFERENCES.—

“**(1) For reporting and inspection requirements,
 see sections 6033A and 6104.**

“**(2) For penalties for failure to file returns and
 statements, see sections 6652, 6685, and 7207.”.**

18 (2) The table of sections for subpart A of part
 19 III of subchapter A of chapter 61 of such Code is
 20 amended by inserting after the item relating to sec-
 21 tion 6033 the following new item:

“Sec. 6033A. Returns relating to political activities.”.

22 (e) EFFECTIVE DATES.—

1 (1) IN GENERAL.—Except as provided in para-
2 graph (2), the amendments made by this section
3 shall apply to——

4 (A) expenditures made and contributions
5 received in reporting periods beginning after the
6 date of the enactment of this Act, and

7 (B) expenditures made and contributions
8 received in annual reporting periods ending
9 after the date of the enactment of this Act, ex-
10 cept that only expenditures and contributions
11 described in subparagraph (A) shall be taken
12 into account.

13 (2) STATEMENT OF ORGANIZATION.—Para-
14 graph (1) of section 6033A(c) of the Internal Rev-
15 enue Code of 1986 (as added by this section) shall
16 take effect on the date of the enactment of this Act.

○